



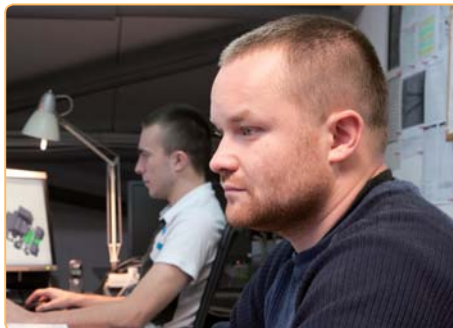
THE CANON STORY

2011/2012

Canon

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Kyosei

The corporate philosophy of Canon is *kyosei*.

A concise definition of this word would be

“Living and working together for the common good,” but our definition is broader: “All people, regardless of race, religion or culture, harmoniously living and working together into the future.” Unfortunately, the presence of imbalances in our world in such areas as trade, income levels and the environment hinders the achievement of *kyosei*.

Through corporate activities based on *kyosei*, Canon strives to resolve imbalances in the world. Truly global companies must foster good relations, not only with their customers and the communities in which they operate, but also with nations and the environment. They must also bear the responsibility for the impact of their activities on society. For this reason, Canon’s goal is to contribute to global prosperity and the well-being of mankind, which will lead to continuing growth and bring the world closer to achieving *kyosei*.



Undertaking new challenges that will transform Canon into a global business leader.

In 2011, Canon launched Phase IV of the Excellent Global Corporation Plan. In an age when global business faces ever-fiercer competition, our new medium-to-long-term management initiative enables us to tackle the challenge of achieving sound growth through transformation tailored to the changing times.

We launched the Excellent Global Corporation Plan in 1996 under our corporate philosophy of *kyosei* with the goal of becoming a truly excellent global company admired and respected the world over. Seeking to grow and prosper over the next 100, or even 200, years, we have carried out countless management reforms and innovations over the 15 years since the Plan was introduced. As a result, we have built a solid financial structure that has earned Canon a position among the world's top 100 companies in terms of market capitalization.

Reforms are undertaken to resolve a problem. Reforming, however, differs from transforming. Transformation targets substantive change and progress. To take advantage of opportunities created by rapid changes in the business environment, we are transforming Canon with an eye toward the next generation. At the same time, we will continue to use conventional reforms to develop our corporate activities under the six major strategies outlined in Phase IV of our Excellent Global Corporation Plan.

Through a concerted effort across the entire Canon Group, we aim to realize a rapid transformation that will astonish the world, creating an entirely new Canon over the next five years.

As we move forward, we appreciate your continued understanding and support.

In Phase IV of the Excellent Global Corporation Plan, we have set for ourselves the goal of joining the ranks of the world's top 100 companies in terms of all major management indicators by 2015.

In 2011, the first year of Phase IV, we are undertaking several new endeavors that capitalize on the momentum we generated last year, which we deemed the "first year in a new era of growth."

Our first key strategy in Phase IV is to achieve the overwhelming No. 1 position in all of our core businesses worldwide. Toward this end, we are promoting our "cross-media imaging" strategy, which employs our business and technological strengths in imaging input and output. In addition, we aim to expand our fields of business through the development of advanced solution services.

In our ongoing efforts targeting globally optimized production, Canon continues to pursue in-house production and automation, as well as information-sharing at every operational stage from development to sales. Additionally, further IT innovations will enable us to eliminate all forms of waste, and we will also boost our ability to respond flexibly to fluctuations in the market. On the sales front, we are focusing more attention on Asian and other emerging markets while strengthening our partnership with new Canon Group member Océ.

As we aim to become a truly excellent global company, throughout all of our business operations and activities, we place top priority on environmental consideration, quality control, compliance, social contribution, fulfillment of CSR, and the cultivation of personnel that can make a difference in the world.

We look forward to your continued understanding and support.



Fujio Mitarai
Chairman and CEO
Canon Inc.



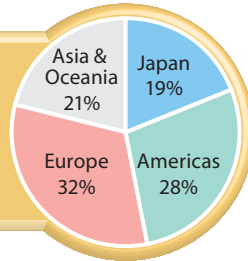
Tsuneji Uchida
President and COO
Canon Inc.



Founded on the innovations of today,
Canon targets a future further ahead.

2010
Net sales

\$45,764 million



2010
Net income

\$3,044 million



Canon U.S.A., Inc.



Canon Europe Ltd.

Americas

Net sales **\$12,633** million
Employees **20,182**

Europe

Net sales **\$14,475** million
Employees **23,434**

Major operational sites

- Research & Development
- ▲ Manufacturing
- Sales & Marketing

2010
Global ranking

FORTUNE Global 500*

Fortune
July 26, 2010 issue

Evaluation of five performance measures for fiscal 2009,
including net sales, net income, and total assets

(Net sales)
Global ranking **216th** (190th in '09)

(Net income)
Global ranking **202nd** (131st in '09)

FT Global 500

Financial Times
May 29/30, 2010 issue

Market capitalization ranking on March 31, 2010
(the number of outstanding shares multiplied by share price)

(Market capitalization)
Global ranking **93rd** (104th in '09)

(7th in Technology Hardware & Equipment sector)

Notes:

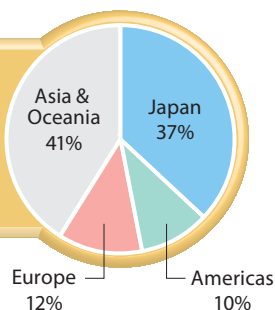
• Net sales and employee numbers are based on consolidated financial statements for the fiscal year ended December 31, 2010.

• U.S. dollar amounts are translated from yen at the rate of JPY81=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2010, solely for the convenience of the reader.

* FORTUNE Global 500 is a registered trademark of Time Inc. in the United States.

2010
Consolidated subsidiaries
294

2010
Employees
197,386



Canon (China) Co., Ltd.



Canon Inc. Headquarters



Canon Marketing Japan Inc.

Asia & Oceania

Net sales **\$18,656 million**
Employees **153,770**

• Including Japan



Canon Australia Pty. Ltd.

2010
**Top ten
U.S. patent holders
by company**

Rank	Organization	Number of patents
1	IBM	5,879
2	SAMSUNG ELECTRONICS	4,549
3	MICROSOFT	3,089
4	CANON	2,543
5	PANASONIC	2,469
6	TOSHIBA	2,229
7	SONY	2,152
8	INTEL	1,656
9	HEWLETT-PACKARD	1,491
10	LG ELECTRONICS	1,487

• Based on weekly patent counts issued by the United States Patent and Trademark Office.
• IBM is an abbreviation for International Business Machines Corporation.

Business segments

Sales ratio per segment (%)

Consumer Business Unit



38%



Office Business Unit



54%



Industry and Others Business Unit



12%



• Sales ratios do not total 100% due to sales between segments of 4%.

Introduction to Canon Businesses

Consumer Business Unit

Digital imaging enriches and expands the ways and means of communication in daily life.

■ Digital Single Lens Reflex (SLR) Cameras



■ Compact Digital Cameras



■ Digital Camcorders



■ Lenses for SLR Cameras



■ Compact Photo Printers



Office Business Unit

A variety of digital imaging solutions that deliver high image quality, high precision and high speed.

■ Office Network Multifunction Devices



■ Laser Printers



■ Laser Multifunction Devices



■ Solutions Software



Industry and Others Business Unit

Imaging technologies trusted by professionals that contribute to many different industries.

■ LCD Lithography Systems



■ Semiconductor Lithography Systems



■ Ophthalmic Equipment



■ Digital Radiography Systems



■ Multifunction Inkjet Printers



■ Inkjet Printers



■ Multimedia Projectors



■ Network Cameras



■ Commercial Photo Printers



■ Image Scanners



■ Broadcast Equipment



■ Toner Cartridges



■ Digital Production Printers



■ Large-Format Inkjet Printers



■ Document Scanners



■ Color Label / Card Printers



■ Components



■ Organic LED Panel Manufacturing Equipment



■ Handy Terminals



■ Personal Information Products



■ Die Bonders



■ Vacuum Thin-Film Deposition Equipment





Eye on the Future

Digital SLR Movies

EOS cameras have the photographic power to break into the world of movie and television.

Have you noticed a particularly striking image in a movie or TV program recently? Perhaps you were impressed by how clearly a character stood out against a blurred background, or surprised at how a nighttime scene appeared sharp and true to life. If so, there is a good chance the scene was shot with a Canon EOS digital SLR camera.

Today, professional movie and TV program directors around the world use the movie-shooting function of EOS cameras to produce their work. In Hollywood, the high image quality and ultra-mobility of EOS cameras have led these professionals to adopt digital SLR cameras in the production of movies and popular TV dramas.

The 35mm full-size image sensor Canon developed for EOS digital cameras has high light sensitivity, which enables bright and accurate image capture.

Since EOS cameras are small, lightweight and highly mobile compared with conventional movie and TV cameras, they can be used in a wider range of situations, giving free rein to a director's creative impulses. In addition, more than 60 lenses are available for use with EOS cameras to further expand the creative possibilities in the production of movies and TV programs.

Given that digital cameras have already made inroads into the movie industry, it is perhaps easy to forget that their history spans a brief 20 years. Compared with the 200-year history of film cameras, digital camera technology is still very much in its infancy.

Through new innovations, Canon is committed to meeting the ever-growing expectations for digital cameras.





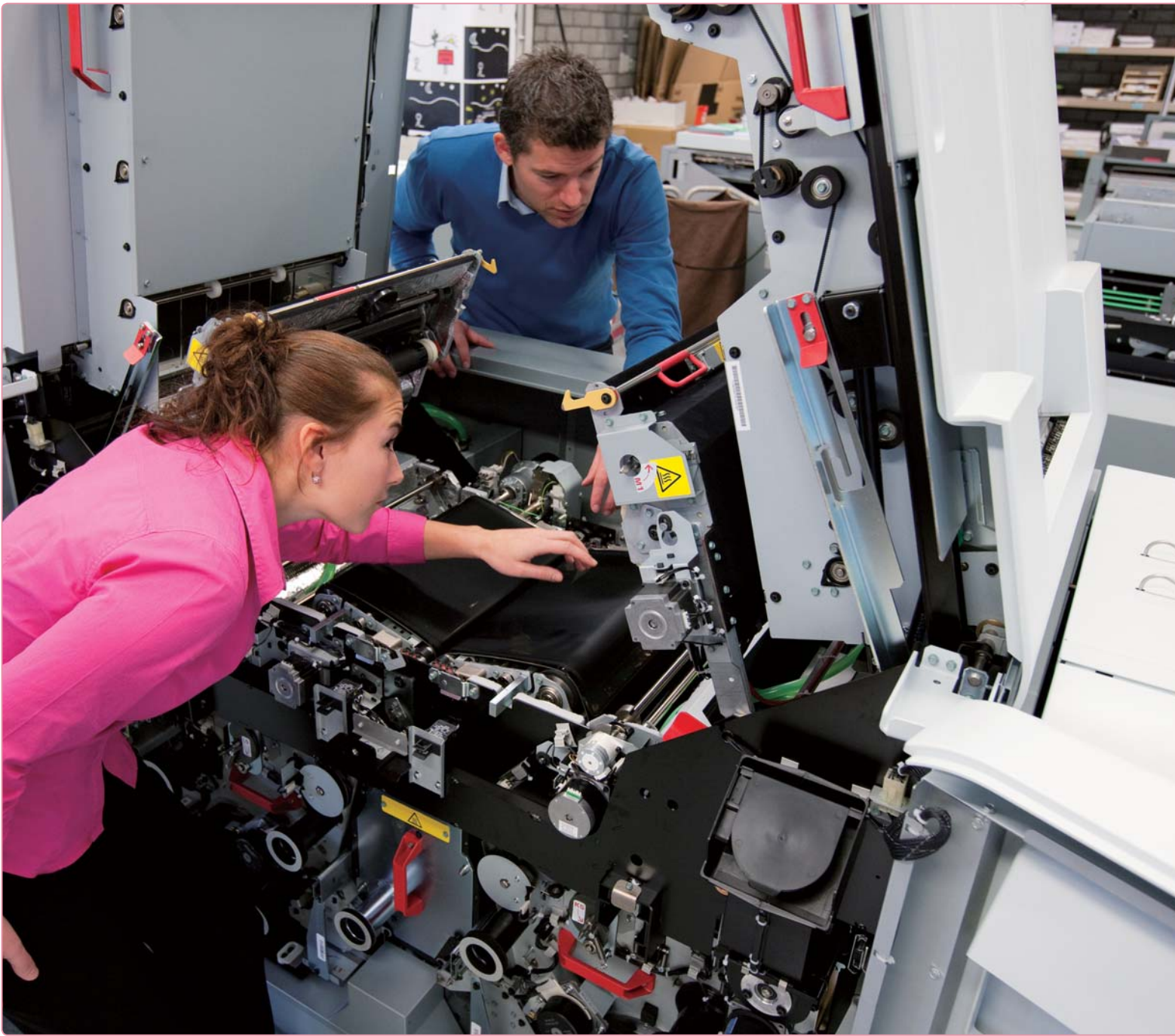
A movie-making EOS Digital SLR camera in action. In response to professional demand, new accessories and attachments have been developed for EOS cameras.



Video shooting using digital EOS in the United States.



Canon's 35mm full-size sensor satisfies the high demands of professionals for creative expression.



R&D stage of a digital production printer. Like Canon, Océ is a technology-driven company.



Océ's global headquarters in Venlo, the Netherlands. Océ has a history spanning more than 130 years and operates in over 100 countries and regions.



Océ staff is trained to sell and service Canon products in Océ's home town of Venlo. Océ's direct sales channels are a strong addition to the Canon network.



Eye on the Future

Global Diversification

With the arrival of Océ into the Canon Group, the printer world just grew larger.

What does the word “printer” bring to mind? Inkjet printers for home use that create beautiful photographs? Or perhaps office-use printers that make use of so-called electro-photographic printing? Canon has long been an industry leader for such printers through the high image quality that Canon technology achieves. There are, however, other segments in which printers play active roles.

For example, there are high-speed printers capable of printing 1,000 pages per minute. There are wide-format printers that can print on film for outdoor signage. The world of printers is even expanding into the industrial printing domain.

Aiming to realize the No. 1 position worldwide in all core businesses, in 2010 Canon welcomed Océ N.V. of the Netherlands into the Canon Group. With its broad portfolio of cutsheet, continuous-feed and wide-format printers, Océ is an innovator in digital document management and delivery. To date, Canon has produced its own electro-photographic printers and wide-format inkjet printers for industrial use, gaining a reputation for their durability and reliability.

Amid today’s increasing globalization and digitization, the compelling combination of Canon and Océ aims to create the global leader in the printing industry by capitalizing on a complementary fit in product mix, channel mix, R&D and business lines, thereby offering customers the products and service they demand and deserve.

Furthermore, Océ’s competitive leadership in R&D plays an important role in Canon’s management goal of achieving “globalized diversification” through the establishment of R&D centers in three regions — Japan, the U.S. and Europe.

Synergy with partners will become even more important for Canon to create value in the future.



Eye on the Future

New Business Domain: Medical

The day when doctors can detect the first signs of illness during a routine checkup is approaching.

Advanced imaging technology offers the promise of breakthroughs in medical diagnosis. Focusing on the retina, it can reveal each photoreceptor cell and show dynamic images of blood flow. The development of this technology could enable doctors to spot signs of eye diseases and glean insight into lifestyle-related diseases.

Such technologies, in fact, are already in development through the CK Project, a joint research project between Canon and Kyoto University, which conducts clinical research for the commercialization of leading-edge medical imaging technologies.

The CK Project supported the establishment of the Advanced Medical Device Development and Clinical Research Center, which works with Kyoto University to develop equipment for its clinical research. Already under development is optical ultrasound mammography, which can facilitate the very early detection of breast cancer, from which there is a 95% recovery rate when caught early.

Although commonly associated with enjoyment, Canon's imaging technology is opening new business paths in the medical industry. Digital radiography, for instance, enables the confirmation of X-ray images seconds after exposure. Boosting resolution and sensitivity, Canon is targeting the No. 1 spot in the industry.

On other fronts, OPTOPOL Technology S.A., a Canon Group Company since 2010, works with Canon to develop leading-edge optical coherence tomography and other ophthalmic diagnostic equipment. In the U.S., Canon is involved in operation test research with universities for the commercialization of DNA diagnostic devices that may shed new light on the efficacy and side effects of pharmaceuticals.

In these ways, Canon is applying leading-edge imaging technology toward making people's lives healthier.



This AO-SLO device enables detailed retinal examinations. Joint research is underway at Kyoto University Hospital.



R&D at OPTOPOL Technology in Poland. The company is a world leader in the field of OCT.



Canon digital radiography equipment used for X-ray exams at a hospital specializing in sports medicine in Bordeaux, France.



Eye on the Future

Production at Optimum Locations Worldwide

“Made in America.” That was the most rational answer.

A key component of laser beam printers used in homes and offices worldwide is the toner cartridge, which consolidates all parts that require routine maintenance into one unit and whose design is so simple that a typical user can easily replace it. Canon invented the toner cartridge and went on to play a major role in popularizing the laser beam printer for its ease of use and high-quality imaging performance.

Over the years, global demand for laser beam printers grew to the point where Canon needed a new factory to meet it. But where would the factory be built? To answer that question, it is important to understand Canon’s focus on “globally optimized production”—a system which factors in all issues related to an item’s production, including quality, cost, parts procurement, work force, delivery time, relevant product characteristics, and environmental considerations, and selects the most rational location for production.

For laser beam printers, the most rational location appeared obvious: Canon Virginia. After all, the United States is the world’s largest consumer of the printers. Moreover, Canon Virginia was already as recycling base for toner cartridges, and it had a highly trained workforce and an effective distribution system.

Canon’s automated production technologies ensure high-quality production even for products built outside Japan. Consequently, a laser beam printer’s entire “product lifecycle”—production, sales, recovery, and recycling—can be fulfilled within the United States. Canon Virginia helps to ensure an effective use of resources by minimizing waste in production and slashing CO₂ emissions from distribution.

Knowing that earth-friendly production is vital for the future, Canon relentlessly continues its focus on globally optimized production.





Preparing parts delivery in the new production plant. Parts are mostly supplied in the Americas.



Canon Virginia is located in the eastern United States. The new factory has 700,000 square feet of floor space.



To ensure excellent quality, strict inspections are conducted on parts as well as finished products.



Eye on the Future

Strengthening Sales in China

A love for more beautiful prints. From Shanghai, a wave of high image quality spreads across China.

For years, China—now the world's second largest economy—has experienced steadily growing sales in IT and digital markets. But the inkjet printer is one product that until recently had achieved little market penetration.

Early on, inkjet printers sold in China were used primarily for the printing of black-and-white business documents. While in many countries around the world people used inkjet printers to create beautiful color output at home, Chinese consumers were reluctant at first.

But as the economy grew, the tide shifted. With Shanghai at the center, sales of inkjet printers have begun to expand in east China. Canon detected the growing demand for higher-quality images at home and in 2010 shifted the headquarters function for its inkjet business from Beijing to Shanghai.

To promote inkjet printers, Canon conducts photo-printing demonstrations at shopping centers. Linking the printers' brand image to that of the company's highly respected cameras has shifted perceptions. Other sales and marketing strategies have included targeting government agencies and corporations and the establishment of nationwide sales channels, including IT malls, electronics retail stores and large supermarkets. Canon has also built an online sales presence.

As inkjet printer sales have grown, sales of high-end printers have also risen sharply, further indicating how important image quality is today.

Riding the wave of interest in high-quality image capture and output, Canon has introduced a nationwide after-sales service and repair operation. Covering cameras as well as printers, the service addresses a huge unmet demand in the Chinese market.

With an uncompromising commitment to image quality, Canon's future as a highly trusted brand in China looks bright.





A multifunction inkjet printer in a Shanghai office. Demand for such products is estimated to rise.



A new Quick Service Station (QSS) in Xi'an. One of its merits is faster customer service.



Sales promotion events are held every weekend, allowing consumers to see Canon's high image quality first hand.



Eye on the Future

Advanced Printing Solutions

Bringing innovation and consistency to the customer experience at FedEx Office.

For FedEx Office, it is critical to work with suppliers who understand the environment of their printing and shipping business as well as the growing needs of their customers. By aligning with Canon, FedEx Office has been able to transition from using machines from several different providers to providing state-of-the-art equipment, including the imageRUNNER ADVANCE, from a single-source provider. This results in a consistent, convenient experience across more than 1,800 FedEx Office locations in the U.S. and Canada, further strengthening the value of the entire FedEx Office network. The new Canon machines have helped create more consistency in FedEx Office centers and opened doors for new, innovative options for the company's customers. Both the FedEx Office network and its customers benefit from enhanced technology, consistency, capacity, efficiency and ease of use. Since the Canon machines require less set-up time and maintenance, FedEx Office team members have more time for consulting with customers on projects, which is critical to providing outstanding customer service. Some of the significant advantages of the new machines include remote printing, automated meter reads, service monitoring and remote configuration.

FedEx Office's alliance with Canon offers tremendous opportunities to introduce new leading-edge technologies. It ties directly to the company's access strategy—which is to make it easy for customers to bring their ideas to life by improving how they access solutions in FedEx Office stores and online.





The imageRUNNER ADVANCE in a FedEx Office Print and Ship Center delivers enhanced technology to customers.



FedEx Office has over 1,800 locations in the United States and Canada.



Canon's imaging technology opens doors for new, innovative options for customers.



Children in Cao Thuong eagerly unpack and begin reading newly arrived textbooks and children's books.



Books were donated to an elementary school in Cao Thuong, a three-hour drive from Hanoi.



Excited children enthusiastically help unload the books and bookshelves.



Eye on the Future

Canon Green Library for Kids

Giving books a second life and children the education they deserve.

Even within fast-growing Asia, Vietnam attracts special attention for its amazing development. Yet, due to historical weaknesses in industry and pockets of underdeveloped infrastructure, many areas of Vietnam have struggled economically.

Cao Thuong village, for instance, lacked the resources to provide textbooks to all of its elementary and junior high school students. But thanks to the efforts of Canon and the goodwill of people around the country, Cao Thuong's fortunes changed with the arrival of 4,000 textbooks.

Eyes a gleam, children opened the books right away. It was a special moment for them, and Canon, too. Named the Canon Green Library for Kids, it marked a crowning achievement in Canon CSR.

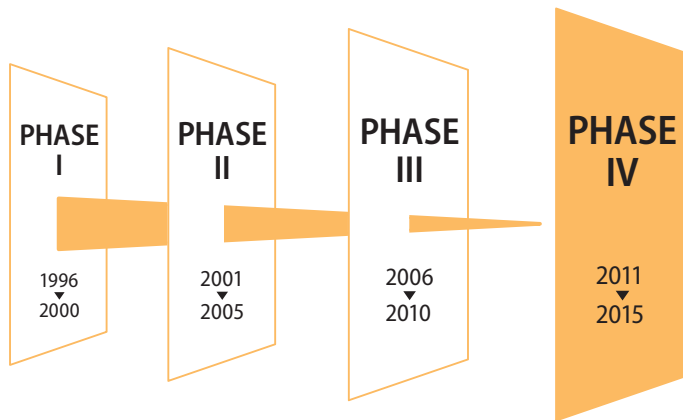
Canon launched the Green Library as an environmental project in which people in cities could exchange their old books for eco-friendly shopping bags. The initiative yielded some 59,000 books, which have been distributed in lots of 4,000, along with bookshelves, to ten schools. Raising children's environmental awareness is another of the Green Library's aims. To that end, Canon distributes small photo books depicting Vietnam's beautiful natural scenery.

Indebted to the local communities in which the company operates, Canon expresses its appreciation through its CSR activities. In Vietnam, the focus is on the younger generations. Canon CSR activities also include support for the building of schools, volunteer projects in which the company's employees help repair school facilities and plant trees, and donations of school supplies.

At the heart of Canon CSR is the hope that the company's ongoing efforts may help nurture the next generation of leaders.

Excellent Global Corporation Plan Phase IV

Aiming to join the ranks of the world's top 100 companies, Canon has initiated a transformation.



In 2011, Canon embarked on Phase IV of the Excellent Global Corporation Plan, which was initiated in 1996 based on the company's corporate philosophy of *kyosei* with the goal of becoming a truly excellent global company admired and respected the world over. In Phases I, II and III, Canon strengthened its financial structure and compiled a steadily growing record of achievements. Now, in Phase IV, it aims to achieve sound growth under the slogan "Aiming for the Summit: Speed & Sound Growth."



Digital SLR camera

1



OPTOPOL Technology (Poland)

2



Canon Virginia

3



Canon India mobile showroom

4



imageRUNNER ADVANCE

5



Leadership training

6

Achieving the overwhelming No. 1 position in all core businesses and expanding related and peripheral businesses

Canon believes sound growth is predicated on strengthening its primary businesses. With innovative and attractive industry-leading products, and an emphasis on highly profitable solutions and services, Canon aims to achieve the overwhelming No. 1 position in each of its primary businesses. At the same time, the company continues to grow its secondary businesses in related areas such as network cameras and the retail photo segment.

Developing new business through globalized diversification and establishing the Three Regional Headquarters management system

Canon has intensified efforts to strengthen two new business domains: medical imaging and intelligent robots for automated production. To date, the company had made Japan its center for innovation, promoting business development and diversification. Now, however, Canon is looking to M&A and other methods to achieve innovation in the U.S. and Europe as well, creating a global R&D framework based on its Three Regional Headquarters management system.

Establishing a world-leading globally optimized production system

Canon optimizes productivity by diversifying its production facilities worldwide. With the aim of achieving rational production in terms of product quality and cost, the company comprehensively assesses such factors as distribution, parts procurement, labor, and risk. Production is further enhanced by Canon's in-house production of tools, materials and technologies, including automated production systems.

Comprehensively reinforcing global sales capabilities

As developing and resource-rich economies in Asia, South America and Africa join the ranks of the world's growth centers, Canon continuously assesses trends and aligns its global sales structure accordingly. In Europe and the U.S., for instance, Canon is strengthening its services and solutions sales force and deepening its partnership with Océ N.V. In Asia, the company focuses on the Chinese market while expanding sales in ASEAN countries.

Building the foundations of an environmentally advanced corporation

As an environmentally progressive company, Canon pursues environmental conservation hand in hand with business growth. The company employs technologies that support energy savings and resource conservation through every stage of the product lifecycle— from initial design and production to eventual recycling. In all its corporate activities, Canon undertakes efforts to reduce burden on the environment.

Imparting a corporate culture, and cultivating human resources befitting a truly excellent global company

The enterprising spirit at the heart of Canon has enabled the company to continuously transform itself over many decades. This is reflected in Canon's guiding principles—the San-ji (Three Selfs) Spirit (refer to page 25)—which have been passed down since its founding. Today, Canon actively works to maintain a corporate culture that values transformation. At the same time, the company's international training programs help to develop personnel befitting a truly excellent global company.

The history of Canon started with the enterprising spirit to make the world's best camera.



Hansa Canon 35mm focal-plane-shutter camera



Canonet Electric Eye (EE) camera



Canola 130, the world's first 10-key electronic calculator



NP-1100, Japan's first plain paper copying machine

1933

Precision Optical Instruments Laboratory established

1934

Kwanon camera prototype developed

Hansa Canon camera introduced

1936

Precision Optical Industry, Co., Ltd. founded

1937

Japan's first indirect X-ray camera introduced

1941

Company name changed to Canon Camera Co., Inc.

1947

New York branch office opened

1955

Sole European distributor, Canon Europa, established

1957

Canonet camera introduced

1961

1964

Canola 130 calculator introduced

A modest beginning in a small room

In 1933, a small laboratory dedicated to making high-quality cameras was set up in a simple apartment room in the Roppongi area of Tokyo. At the time, all high-quality cameras were European with the majority coming from Germany. It was in this small room that young people with a big dream earnestly began their work on producing a high-quality Japanese camera, marking the beginning of Canon. Through hard work and with an enterprising spirit, they eventually succeeded in building a prototype, which was named Kwanon after the Buddhist goddess of mercy. The following year, in 1935, Japan's first-ever 35mm focal-plane-shutter camera, the Hansa Canon, was born, along with the Canon brand.

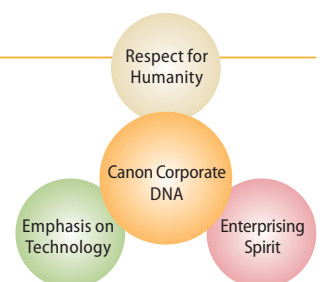
Striving for the world's best camera

In 1950, Canon's first president, Takeshi Mitarai, went to America for the first time to attend an international trade fair. Having seen modern factories and a high standard of living first hand, upon his return, he built a fireproof factory of steel-reinforced concrete in the Shimomaruko area of Tokyo, which he saw as essential for Canon to succeed in doing business with the world at large. Mitarai also made clear his respect for humanity by stressing the importance of the San-ji, or Three Selves spirit, the guiding principle for Canon employees. In 1955, Canon made its first step into the global market with the opening of a U.S. office in New York City. In 1957, Canon set up its sole European distributor, Canon Europa, in Geneva, Switzerland. By 1967 exports already topped 50% of the company's total sales.

Canon's Corporate DNA

Behind Canon's 70-plus-year history and development as a business lies its corporate DNA: a respect for humanity, an emphasis on technology, and an enterprising spirit that the company has consistently passed on since its foundation. The enterprising spirit on which Canon was started as a venture company and the relentless drive to distinguish itself through technology permeate the company, and have continued to

provide society with new advances. These motivating factors are in turn supported by a respect for humanity, which encompasses meritocracy and an emphasis on good health. Canon is committed to passing its corporate DNA on to future generations to ensure the company grows for another 100, or even 200, years.





AE-1, the world's first SLR camera with a built-in microcomputer



LBP-10, the world's first laser printer with a semiconductor laser



PC-10/20, the world's first personal copying machine with an all-in-one cartridge system



BJ-80, the world's first inkjet printer using Bubble Jet technology

1967

"Cameras in the right hand, business machines in the left."

Company name changed to Canon Inc.

1969

NP-1100 copying machine introduced

1970

PPC-1 mask aligner introduced

1970

Premier Company Plan launched

1976

AE-1 SLR camera introduced

1976

LBP-10 laser printer introduced

1979

PC-10/20 personal copying machine introduced

1982

BJ-80 inkjet printer introduced

1985

CLC-1 digital full-color copying machine introduced

1987

EOS650 AF SLR camera introduced

1987

The challenge of diversification

Soon after its founding, Canon was hard at work in 1941 on diversifying itself with the introduction of Japan's first indirect X-ray camera and other products. In the 1960s, the company took further steps toward diversification by adding electrical, physical and chemical technologies to its optical and precision technologies. In 1964, Canon entered the office equipment market with the debut of the world's first 10-key electronic calculator. In 1967, the management slogan "cameras in the right hand, business machines in the left" was unveiled and in 1969 the company changed its name from Canon Camera Co., Inc. to Canon Inc. Canon took on the challenge of developing Japan's first plain paper copying machine, which it introduced in 1970, and realized further diversification from one challenging field to the next.

Averting disaster with the Premier Company Plan

By 1970, Canon grew to 44.8 billion yen in sales and more than 5,000 employees. But hit by dollar and oil shocks, followed by problems with a defective electronic calculator display component in 1974, Canon fell on hard times. In the first half of 1975, it failed to pay a dividend for the first time since becoming a public company. In 1976, Canon unveiled its Premier Company Plan, an ambitious strategy to transform Canon into an "excellent global company" through such means as introducing a vertical business group constitution and establishing a horizontal development, production and sales system. The plan proposed high ideals and pooled the strength of its employees, enabling the company to promptly recover.

The San-ji (Three Selves) Spirit

The Three Selves, the foundation of the company's guiding principles that have been passed down since Canon was founded, are self-motivation, self-management and self-awareness. For Canon, which strives to be a truly excellent global corporation while maintaining the legacy of its corporate DNA, the Three Selves continue to serve as the company's most important guiding principles.

Self-motivation

Take the initiative and be proactive in all things.

Self-management

Conduct oneself with responsibility and accountability.

Self-awareness

Understand one's situation and role in all situations.





PowerShot S100 DIGITAL ELPH (DIGITAL IXUS in other areas) compact digital camera



iR3250 network multifunction device



EOS-1Ds high-end professional digital SLR camera



imagePROGRAF iPF9000 large-format inkjet printer

1988

Corporate philosophy of *kyosei* introduced with the company's second inauguration

Toner cartridge collection and recycling program launched

1990

Excellent Global Corporation Plan launched

1996

Canon Inc. ADRs listed on the New York Stock Exchange

2000

PowerShot S100 DIGITAL ELPH (DIGITAL IXUS) compact digital camera introduced

2000

iR series of network multifunction devices introduced

2000

EOS-1Ds digital SLR camera introduced

2002

imagePROGRAF iPF9000 printer introduced

2006

imagePRESS C7000VP digital press introduced

2007

imageRUNNER ADVANCE network multifunction device introduced

2009

Excellent Global Corporation Plan Phase IV launched

2011

Canon's second inauguration

Canon continued to grow under the Premier Company Plan. With the dawn of the personal computer age, Canon introduced to the world a series of products never before seen, among them a personal copying machine based on an all-in-one cartridge system, a laser printer with semiconductor laser, and a Bubble Jet inkjet printer. Canon also began promoting global production in earnest on the road to becoming an excellent global company. Then, in 1988, the 51st anniversary of the company's founding, Canon announced its second inauguration and unveiled its corporate philosophy of *kyosei*, an unfamiliar term at the time. It also began promoting such progressive and environmentally sound activities as toner cartridge recycling in addition to globalizing its development sites.

The Excellent Global Corporation Plan

Canon had developed unprecedented technologies and carefully nurtured them to create business opportunities and products unrivaled by any other company. But by the mid-1990s, the business division system that had been in place since the 1970s was showing signs of wear. Canon also carried debt of more than 840 billion yen, meaning the company needed to improve its financial constitution if it was to carry out long-term R&D projects and launch new businesses. Fujio Mitarai became Canon's 6th company president in 1995, and in 1996 the Excellent Global Corporation Plan was launched. Transforming the corporate mindset from partial to total optimization and from a focus on sales to a focus on profits, the new plan was the start of the innovations that characterize today's Canon.

The Excellent Global Corporation Plan

Phase I 1996-2000

To strengthen its financial base, Canon transformed its mindset to total optimization and focus on profit. The company instituted various business innovations, including selection and consolidation of business areas, and reform activities in such areas as production and development.

Phase II 2001-2005

Aiming to become No. 1 in all major business areas, Canon focused on strengthening product competitiveness along with the changing times, stepping up efforts to digitize its products. The company also conducted structural reforms across all Canon Group companies around the world.

Phase III 2006-2010

Canon moved ahead with such growth strategies as enhancing existing businesses and expanding into new areas. The company also implemented "real-time management" capable of responding quickly to changes in business along with the thorough implementation of SCM and IT reforms.

Corporate Activities

Striving to enrich lives by creating the best products possible while reducing environmental impact through technological innovation.

Research and Development



Design



Procurement



Production



Distribution



Sales and Marketing



Post-Purchase Services



Recycling



Environment



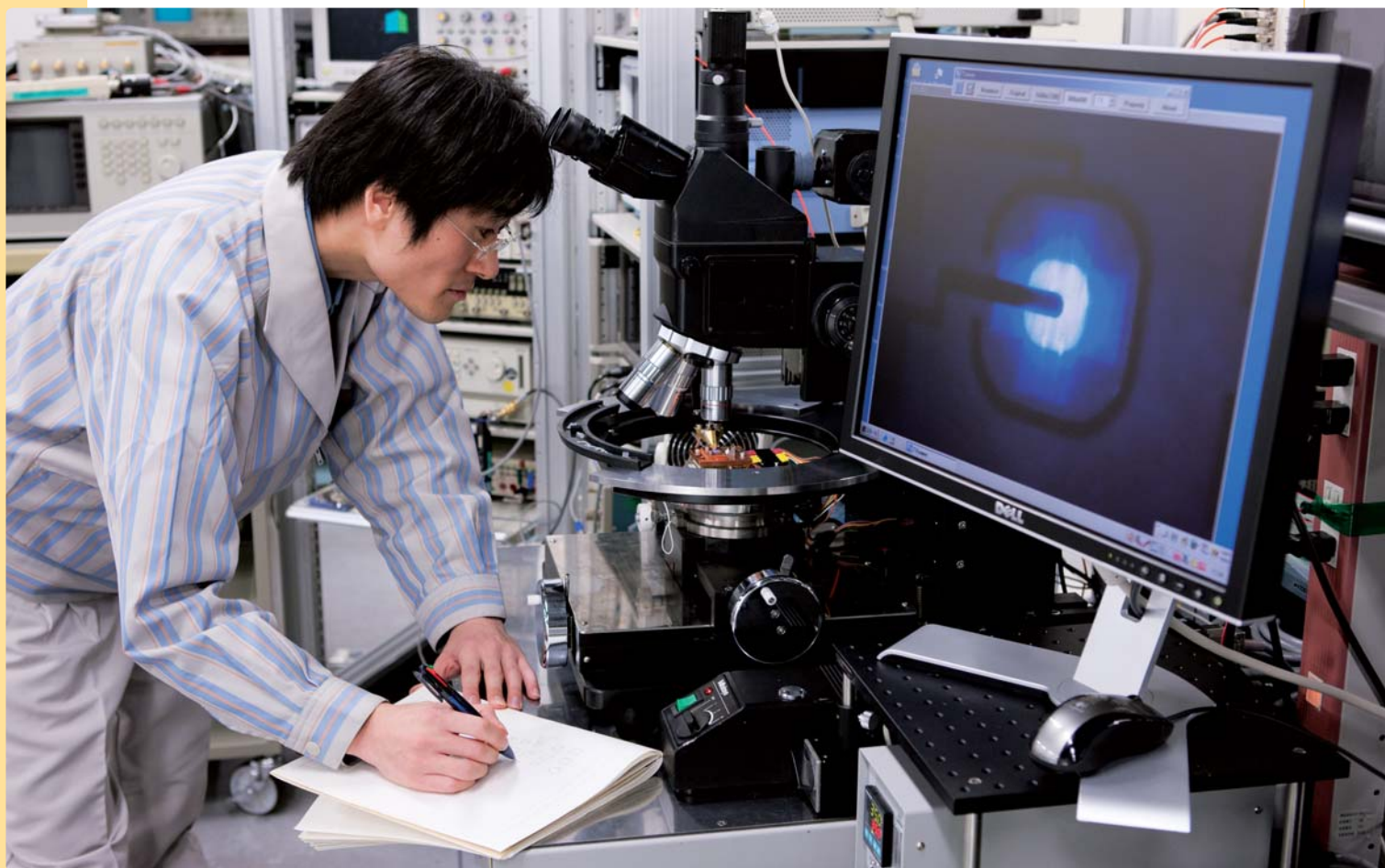
Quality



Corporate Social Responsibility (CSR)



More convenience. More comfort.
Canon opens doors to the future and brings
innovation to people's lives.



Blue Surface Emitting Laser (SEL)

Increased beauty and precision.

Greater speed and efficiency.

Lower environmental impact.

Canon's technological innovations enable people to make use
of a variety of images and information to freely express and
reproduce their ideas and thoughts, anytime, anywhere.



Image sensor development



Cross-Media Imaging Strategy



Medical equipment and printer solutions

Advanced synergies between Canon's imaging products and information network technologies allow consumers to easily and accurately express their thoughts and ideas. With innovative products and an expanding range of services and solutions, Canon gives birth to new businesses and new lifestyles.

Super Machine Vision



R&D into robotic vision

Canon is developing robotic vision capable of detecting, assessing and learning from changes in surroundings. Drawing on leading-edge optical, imaging, and recognition technologies, Canon is producing an "eye" for intelligent industrial robots and reliable monitoring systems that exceed the capabilities of human vision.

Key Components



Development of a 120-megapixel CMOS sensor, the world's highest resolution for its size

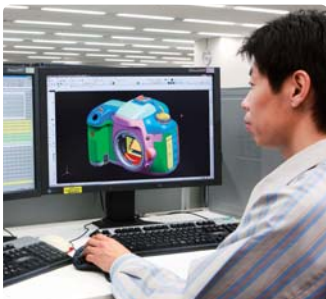
Key components, such as image sensors for digital cameras, DIGIC image processors, and Advanced iR Controllers used in multifunction office systems, are the key to competitiveness in digital imaging products. Canon applies its advanced technologies and vast expertise to the development of such key components.

MR (Mixed Reality) Technology



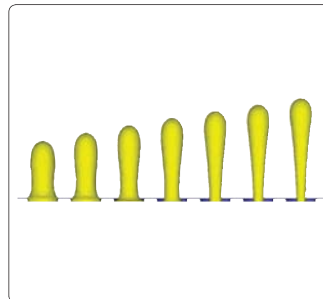
MR is a next-generation imaging technology that fuses real and virtual space in real time. With successful research using head-mounted display and image position alignment technology, Canon is conducting MR simulations to achieve design and manufacturing solutions and pursuing new applications in the medical and education fields.

3D CAD Design



Canon uses 3-D computer-aided design (3D CAD) to develop products. Besides enabling the confirmation of positional relationships of components from all angles, CAD supports innovation through simulated function and performance evaluations and the sharing of data between company divisions.

Simulation Technology



Simulation of ink droplet ejection

Canon's proprietary simulation technology predicts complex phenomena, including the image-formation process in copying machines and ink ejection in inkjet printers. With simulation technology, Canon is able to enhance product performance, produce new R&D technology, and achieve shorter development lead-times.

Display Development



Ultra high-definition display prototype

A world leader in the field of imaging, Canon is active in the development of next-generation high image quality displays. Currently, Canon is conducting R&D into the commercialization of organic light-emitting diode displays and ultra high-definition displays, which surpass the image quality of full HD, for business and industry.

High-Accuracy Color Management System



Kyuanos, Canon's high-accuracy color management system, precisely matches colors among input and output devices with varying ranges of color expression. Not only does Kyuanos faithfully reproduce colors, it automatically compensates for variances in color appearance due to lighting conditions and other factors.

Striving for the most rational production means reducing waste in materials and time to virtually zero, while raising performance and quality.



"Man-Machine Cells," with automated systems between workers, represent an evolution of the cell production system (Canon Hi-tech, Thailand).

Pursuing the ultimate in craftsmanship.

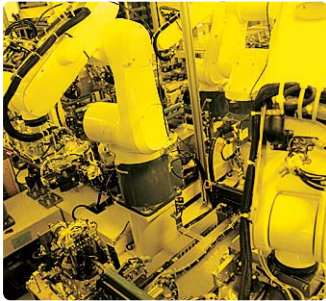
With the comprehensive use of IT, Canon has implemented the real-time central management of all operations, from development and production to sales and service. Doing away with all unnecessary inventories, Canon ensures the timely delivery of superior-quality products to customers around the world.



Nagasaki Canon (Japan)



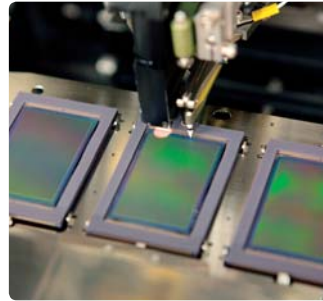
Automated Production Systems



Automated production of toner cartridges

Canon is currently building automated production lines capable of running nonstop every day of the year. Design, production technology, and manufacturing expertise combine through the sharing of experience and know-how to establish entirely automated production systems with increasingly enhanced quality and stability.

In-House Production



Production of image sensors

With the dual aim of product innovation and cost reduction, Canon conducts in-house development and production of proprietary key components and devices. In addition, functional parts, circuit boards and other major components, molds and manufacturing equipment are produced within the Canon Group.

Cell Production



Canon Suzhou (China)

Canon factories worldwide use the cell production system, which eliminates conveyor belt assembly lines in favor of small teams, or “cells,” of workers that handle multiple procedures to complete a product. The system allows workers to change the number of procedures they perform according to skill level while also facilitating adjustments in production output.

PO (Purchase Order)-Based Production System



Checking status through the PO system

This system enables the manufacturing of products in precise lots according to purchase orders. Unlike in forecast-based production, only the number of parts needed per order are acquired and assembled into products. There is no surplus production. PO-based production is made possible by IT that closely aligns parts-procurement, production, and sales operations.

The Expert (Multi-Skilled Worker) System



Super-grade expert

Canon's Expert System recognizes employees with exceptional work skills. Workers are evaluated based on the number of operations they can perform, specialized knowledge, work speed, and other abilities. The system contributes to improvements in cell production quality and increased productivity.

The Master Craftsman System



A master craftsman working on a mold

At Canon, employees with exceptional skill who have received awards from public institutes are acknowledged as master craftsmen. At present, 32 master craftsmen apply their superior skills to lens polishing, precision machining, and other processes, while passing along their unique knowledge to the next generation.

Green Procurement



Onsite verification at a green procurement facility

Green Procurement prioritizes the purchase of products with minimal environmental burden. Canon regularly evaluates the chemical substance management of its parts suppliers and includes that as a condition of doing business. Furthermore, by thoroughly examining the chemical composition of parts, Canon makes “greener” choices in products.

Modal Shift



Railroad transportation in Europe

To lower the environmental burden due to CO₂ emissions, Canon employs modal shift—switching from truck- and air-based transport to rail- and sea-based transportation, worldwide. Other initiatives to reduce the environmental costs of transportation include shortening the transportation distances to ports and improving load efficiency.

“I’m glad it’s a Canon.”

Canon’s services and solutions enable customers to easily make use of leading-edge technologies.



Canon Information Technology Services, Inc. maintains call centers in the U.S. and Canada.

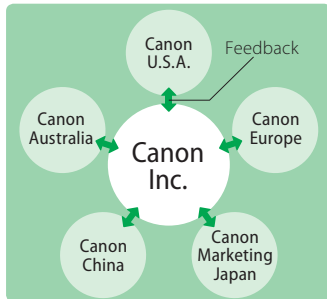
Canon sales companies worldwide do more than conventional sales and marketing. They also use leading-edge information and communication technology to connect consumers to the latest products, services and tailored solutions. As members of the Canon family in over 180 countries and regions, they build trust and keep Canon’s reputation for reliability strong.



Camera shop in Prague, Czech



Global Sales Framework



Each of Canon's regional marketing headquarters— Canon U.S.A., Canon Europe, Canon China, Canon Australia, and Canon Marketing Japan — oversees its own regional sales and cooperates closely with Japan-based product development teams to reflect customer comments in Canon products.

Solutions Business



A photo business solution (Singapore)

To meet the needs of customers and their challenges, such as business expansion and process improvement, security, and cost savings, Canon provides IT and print solutions. Canon works to understand each customer's viewpoint, no matter the industry, and strives to meet every request on a personal basis.

Canon Managed Document Services



Sodexo (France)

Canon optimizes the document output environments of businesses large and small to offer comprehensive services, which include the deployment of equipment and the effective management of document input-output environments. With Canon's worldwide services, companies discover significant cost savings and productivity gains.

PHOTOPRESSO



This new idea in online service allows customers to create their own stylish photobooks from digital photos. The system makes it easy to choose attractive binding and layouts, and offers both web publishing and order delivery to friends. Currently available in Japan, PHOTOPRESSO is scheduled to roll out globally soon.

Canon Business Solutions



Network MFDs service training

Canon Business Solutions in the U.S. provides direct sales of business machines through 70 offices. In cooperation with Océ, a recent addition to the Canon Group, Canon Business Solutions is growing and delivering higher quality solutions to U.S. customers.

IT Outsourcing Business



Remote operation center

Canon Marketing Japan provides one-stop support for the outsourcing of IT systems operations and data center services, spanning all processes from installation to operation. To expand the capacity and range of services, the company plans to complete a large new leading-edge data center by 2012.

Enhanced Sales Framework in Emerging Markets



A commercial printing exhibition in Moscow

To better serve emerging markets in Asia, Russia, the Middle East, and Africa, Canon is strengthening sales capabilities in each region. The company's efforts include the introduction of products designed for local needs, participation in regional exhibitions, and reinforcement of service training.

Quick Service Stations (QSS)



Xi'an QSS (China)

Knowing how important after-sales support is to Chinese customers, as of the end of 2010, Canon China established a total of 21 Quick Service Stations (QSS) and Quick Response & Repair Centers (QRC) for digital cameras, inkjet printers, and other Canon products.

Colorfully enriching lives today with consideration for tomorrow's earth. Striving to enrich both lifestyles and the global environment.



The PIXMA MG6100-series multifunction inkjet printer offers advanced environmental performance.

Canon continuously strives to bring new innovation and value to the world while reducing the use of resources and impact on the environment.

Naturally, as a cornerstone of the activities supporting the Canon brand, there is never any compromise in the commitment to quality.



A pond neighboring Oita Canon is inhabited by Oita salamander *hynobius dunni*.



Action for Green



Canon's *Action for Green* environmental vision is a detailed action plan targeting activities throughout the product lifecycle — produce, use, recycle — with the aim of producing high-performance products and minimizing environmental impact. Progress in the plan is managed through the PDCA (plan-do-check-act) process.

Bio-Based Plastic



The imagePRESS C7010VP digital production press

The use of plant-derived bio-based plastic reduces oil consumption and CO₂ emissions in manufacturing. Canon first used bio-based plastic in exterior parts for imageRUNNER ADVANCE digital multifunction devices. In 2010, Canon was the industry's most prolific user of the material for digital production printer exterior parts.

Environmental Activities at Production Sites



Equipment for collecting and recycling solvent

Canon conducts environmentally friendly manufacturing worldwide, conserving energy and resources, and controlling chemical substances. The company replaced its lens-washing solvent with one with lesser environmental impact, which is collected and recycled, and continuously seeks solutions to preserve local ecosystems and biodiversity.

Energy-Saving Technology for Inkjet Printers



The PIXMA MG6100-series multifunction inkjet printer

Canon multifunction inkjet printers feature the latest technology for optimizing energy use during printing and in standby mode. Compared to the previous model,* the PIXMA MG6100 series lowers daily power consumption by approximately 28% without sacrificing speed or image quality.

* PIXMA MP610

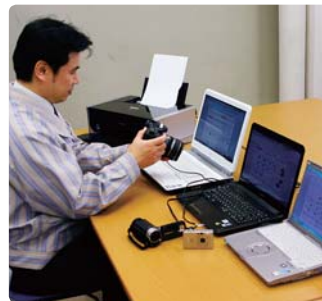
Toner Cartridge Recycling



Industrial Resource Technologies (U.S.A.)

Canon has been involved in the collection and recycling of laser printer toner cartridges for over 20 years. Parts that can be reused are washed, inspected and put back into production. Plastic parts are pulverized and recycled for use in new cartridges. And other parts that can be recycled are separated so that they do not go to waste.

Verifying Product Compatibility



Canon continuously tests its products to verify product compatibility and provide satisfaction to customers. For example, inkjet printers and digital cameras undergo compatibility tests with other companies' computers and peripherals.

Quality Verification Testing



Semi-anechoic chamber (Tamagawa General Measurement Testing Laboratory)

Canon conducts stringent tests to ensure product safety and reliability. In state-of-the-art facilities, which have received ISO/IEC and UL authorized certification, products undergo comprehensive testing for noise, flammability, and more. By opting for in-house testing at its own facilities, Canon ensures speedier feedback to development teams.

Remote Monitoring and Support via Internet



An Internet-based service monitors the operational status of Canon network multifunction devices and laser printers. This service notifies service centers when attention is required such as low toner level. With this system, service engineers are able to provide service more effectively and rapidly to customers.

Canon contributes to culture and society by promoting CSR activities based on the company's corporate philosophy of *kyosei*.



Canon PhotoMarathons held annually in Asia promote the enjoyment of photography.

Aiming to be an admired and respected company worldwide, Canon views CSR activities as a natural part of being a good corporate citizen. The company continues to support a wide range of such activities, including programs to protect the environment, events to promote arts, and more, all for the many stakeholders around the world who support Canon everyday.



A work from Canon's Junior Photographers program, which helps children in Japan learn about the environment through photography



WWF Conservation Partner



Mondweg Elementary School in Vienna, Austria

In 1998, Canon Europe became the first corporate Conservation Partner of WWF (World Wide Fund For Nature). This alliance has enabled WWF to digitize its image library, expanded awareness of the Polar Bear Tracker project, and provided imaging equipment for WWF activities in Europe, the Middle East, and Africa.

Partnership with the Red Cross in Europe



Swiss Red Cross Youth project

A longtime supporter of Red Cross activities, Canon Europe in 2006 signed a partnership agreement with the Red Cross. The company contributes to youth education and aid projects conducted by 16 National Red Cross Societies across Europe through equipment donations and physical support.

Yellowstone Park Foundation



Yellowstone National Park

Since 1997, Canon has been the largest supporter of wildlife conservation and research in Yellowstone National Park. Through Web-based programs made for educational purposes, Canon technology has enabled millions of students to learn about nature, while giving the general public unique access to the magic of Yellowstone.

Canon Envirothon



An outdoor classroom

Since 1998, Canon U.S.A. has sponsored the Canon Envirothon, the largest environmental science competition for high school students in North America. Each year over 500,000 U.S. and Canadian students participate in the contest, deepening their knowledge of nature and the environment through field work and presentations.

Canon PhotoMarathon



A PhotoMarathon in Singapore

In this unique photography competition, participants are assigned specific themes with only a few hours to shoot their photos. Though a Canon-organized event, any camera brand is allowed. In 2010, PhotoMarathons were held across Asia, attracting over 14,000 participants.

Green Volunteer Action



Field training of nature photography

Canon organizes a contest for university students to develop ideas on the topic of environmental protection. Held in conjunction with the China Wildlife Conservation Association and other organizations, the event awards those who pass preliminary rounds with the opportunity to attend lectures by professional wildlife photographers in nature reserves.

The Tsuzuri Project (Cultural Heritage Inheritance Project)



Craftwork by Mr. Hiroto Rakusho, a master of gold leaf art

Canon digital technology and traditional Japanese craftsmanship come together in the Tsuzuri Project, an initiative co-organized by NPO Kyoto Culture Association to create high-resolution scale facsimiles of Japanese cultural assets. The project enables original artwork to be preserved, while still allowing the general public to enjoy these works.

Furusato Project – Linking Today's Dreams to the Future



Revitalization of a rural environment

Through this project to sustain the beauty of *furusato* (hometowns) for future generations, Canon Marketing Japan works with environmental NPOs to cultivate terraced rice-fields and tidelands, recultivate abandoned farmland, and carry out other activities targeting environmental conservation. At present, the project targets 14 areas in Japan.

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